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SUBJECT: SEOUL - PRESS BULLETIN; July 30, 2009

TOP HEADLINES

Chosun Ilbo
ROK, Japan Take Different Approaches
to Treating Early Stages of Thyroid Cancer
ROK: "Let's Do Surgery" vs. Japan: "Let's Watch for a While"

JoongAng Ilbo
Wage Hikes Larger in Independent Union Plants

Dong-a Ilbo
Ssangyong Motor Labor, Management Near Agreement
on Rehiring Some Laid-off Workers

Hankook Ilbo
Despite Signs of Economic Recovery, Experts Think It is "Still" Too
Early to Increase Interest Rates

Hankyoreh Shinmun
"(College) Admissions Officer System" Pursued by ROKG Breeds
"High-Priced" Private Consulting Business Tailored
to the Needs of Students and Parents

Segye Ilbo, Seoul Shinmun
Official Seal ID System to be Abolished in Five Years

DOMESTIC DEVELOPMENTS

Adm. Timothy Keating, Commander of U.S. Pacific Command, told
reporters in Washington yesterday that the U.S. President and
Secretary of Defense remain committed to the planned transfer of
wartime operational control to the ROK in April of 2012, despite
North Korea's recent nuclear test. (KBS)

INTERNATIONAL NEWS

Wrapping up two days of the bilateral Strategic and Economic
Dialogue yesterday, the U.S. and China reaffirmed their commitment

to proactively implement UN Security Council Resolution 1874 against North Korea. (Chosun, Segye, Seoul, all TVs)

According to Chinese steel industry officials, a Chinese steel company recently halted its bronze mine development project with a North Korean company sanctioned by the UN Security Council after the North conducted a second nuclear test. (Chosun, Hankook, Hankyoreh, Seoul)

UN Secretary-General Ban Ki-moon told reporters yesterday that he is willing to go to North Korea if it would help foster dialogue on the North's nuclear program. He also welcomed the North's recent offer to hold bilateral talks with the U.S., saying that dialogue is vital in any format and is the only way to resolve the nuclear issue. (All TVs)

MEDIA ANALYSIS

-U.S.-China Strategic and Economic Dialogue/N.
----- Korea

Most ROK media gave attention to yesterday's conclusion of the U.S.-China Strategic and Economic Dialogue (S&ED), reporting that the two countries, in a joint statement, emphasized the importance of implementing UNSC Resolution 1874 against North Korea and resolving the North's nuclear issue through peaceful means.

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Conservative Chosun Ilbo commented that any concrete mention of the North Korean problem in the joint statement is a big step forward for the U.S. in getting agreement from China over the issue.

Conservative Dong-a Ilbo editorialized: "While the U.S. and the Soviet Union, the G2 of the Cold War era, confronted each other, the U.S. and China, the 'G2 of the 21st century,' chose to 'cooperate with each other as partners.' This principle will be applied in resolving pending bilateral and international issues. ... A change in U.S.-China relations is directly related to our economy and security. The ROKG should understand a 21st century world order, which the U.S. and China are preparing, and come up with necessary countermeasures. In particular, regarding Korean Peninsula issues, including the North Korean nuclear issue, the ROKG should make its opinion fully known so that the U.S. and China do not arbitrarily have negative influence over our fate."

Citing Chinese steel industry officials, most newspapers reported that a Chinese steel company developing a bronze mine in North Korea with a North Korean company sanctioned by the UNSC recently called an abrupt halt to the project. According to news reports, the Chinese firm sent a letter to NHI Shenyang Mining Machinery, the company it had commissioned to build facilities for the mine in North Korea, telling it to stop construction. An industry source in China was cited: "The Chinese government apparently persuaded the firm to stop the project as Beijing takes part in the UN sanctions. Otherwise, it's unusual for a project to be stopped at this late stage."

All TV networks quoted UN Secretary-General Ban Ki-moon as telling reporters yesterday that he is willing to go to North Korea if it would help foster dialogue on the North's nuclear program. He was further quoted as welcoming the North's recent offer to hold bilateral talks with the U.S., saying that dialogue is vital in any format and is the only way to resolve the nuclear issue.

OPINIONS/EDITORIALS

U.S.-CHINA TALKS ARE A WAKE-UP CALL FOR S. KOREA
(Chosun Ilbo, July 30, 2009, Page 27)

The U.S.-China Strategic and Economic Dialogue that ended in Washington D.C. on Wednesday was a sobering reminder that the two

countries will form the poles of global power in the 21st century. In his opening speech, U.S. President Barack Obama described China as Washington's most important partner.

The two countries discussed global security issues, including North Korea's and Iran's nuclear programs, the war in Afghanistan, problems in Pakistan, the spread of Islamic fundamentalism in Africa and the crisis in Darfur. It is becoming difficult for the U.S. to solve global problems without China's help. The two countries also agreed to join hands to overcome the global financial crisis by promoting an international financial system, resolving trade imbalances and dealing with the weak U.S. dollar. An agreement whereby China will contribute to stimulating the global economy by boosting its domestic consumption symbolizes the increasing importance of the Chinese economy in the world.

China's decision to play a major role in dealing with climate change, which was an issue Beijing had opted to stay out of until now, reflects its willingness to take the lead in tackling the world's problems. The U.S. and China also agreed to resume high-level military talks within the next one or two months. China's military might is also growing rapidly.

The U.S.-China talks have a special meaning for Seoul because the two countries discussed in Seoul's absence vital problems related to the Korean Peninsula. It would be unimaginable for the two countries to discuss issues involving the future of Japan, the U.K. or France in the absence of representatives from those countries, but issues of crucial importance to South Korea seem to follow

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different rules. This is the reality facing South Korea in the new bipolar world order.

The U.S. and China discussed the North Korean nuclear crisis, but the matter cannot be resolved outside the context of broader issues on the Korean Peninsula. Trilateral talks between the U.S., China and Japan are also scheduled. It appears that after 100 years, South Korea's fate is once again being decided based on blueprints drawn up by other countries. And the hard truth is South Korea is not powerful enough to change this.

North Korea's social and political systems are moribund, and unification can happen within 20 to 30 years at the latest. China's stance at that point will have a direct effect on the fate of the Korea Peninsula. Looking at Seoul-Beijing relations at the moment, it is not difficult to gauge what that stance would be. Unless there is a significant change in the Chinese outlook, the peninsula's future looks anything but rosy.

It is true that the South Korea-U.S. alliance puts fundamental limitations on South Korea-China ties. But it is not entirely impossible for Seoul to build trust with Beijing while maintaining the alliance. Already, the economies of South Korea and China have grown inseparable. South Korea is China's third-largest trading partner. The "win-win" framework that is being created in the economic sphere can also be achieved in the political and military arenas. Nothing is impossible in bilateral relations. If connections deepen and the two countries grow closer, the day may come when Beijing decides that a unification of the Koreas led by the South would not harm China.

Stressing the importance of continued dialogue, Obama quoted the Chinese philosopher Mencius in his opening speech, saying, "This is comparable to people walking on paths through grasslands. As long as people keep walking on the path, the path will remain there. If people don't walk on the path, weeds and grasses will grow back and obscure it." This probably best illustrates how South Korea must deal with China.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

The first U.S.-China Strategic and Economic Dialogue (S&ED), which concluded in Washington two days ago, demonstrated to the world the two countries' determination to lead the international order in the 21st century. One could very well call it the beginning of the "G2 Era."

The bilateral ministerial-level talks provided a setting for broad-ranging discussions on pressing diplomatic and economic issues, as well as regional and global issues. In the area of the economy in particular, the U.S. made plans to raise its savings rate and reduce its deficit with stronger regulations and financial oversight, while China made plans to increase domestic demand and expand its social safety net and health insurance coverage. The two countries took each other's interests into account as they fine-tuned macro-level policy to set a framework for the global economy. In addition, they signed a memorandum of understanding on issues related to energy, the environment and climate change, which demonstrates that they intend to lead international discussion related to these areas.

Attention is also being drawn to the two countries' agreement to cooperate in a response to terrorism and the North Korean and Iranian nuclear programs. This could signal increasingly closer discussions between the U.S. and China on the North Korean nuclear issue, and such cooperation would increase the efficacy of efforts to resolve the nuclear issue. However, concerns remain that any resolution to nuclear issues involving several nations will be molded into a form primarily suited to these two countries'

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interests. As far as the Korean Peninsula is concerned, South Korea should not simply stand by and watch the U.S. and China develop stronger relations.

"The relationship between the U.S. and China will shape the 21st century, which makes it as important as any bilateral relationship in the world," said U.S. President Barack Obama in his opening speech at the S&ED. China, for its part, appeared to share these sentiments. It sent a large delegation of some 150 people to the talks, and the participants in the meeting emphasized that the two nations were "all in the same boat." It is encouraging that the U.S. and China are avoiding hegemonic competition and cooperating in such a way that may result in something positive not only for themselves, but for the world as a whole.

From South Korea's standpoint, however, stronger U.S.-China relations may have some negative ramifications, namely the full force revival of superpower politics in Northeast Asia. While it has been put on the back burner for now, strategic dialogue taking place between the U.S., China and Japan also represents a similar move. Since the latter half of the 19th century, South Korea has had the bitter historical experience of becoming the sacrificial lamb in superpower politics. Although we may agree with or welcome some of the efforts being made by superpowers surrounding the Korean Peninsula, it behooves our government to make active and balanced efforts to maintain South Korea's interests and values.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

PREPARE FOR AN INTERNATIONAL ORDER PURSUED BY U.S. AND CHINA
(Dong-a Ilbo, July 30, page 27)

The first U.S.-China Strategic and Economic Dialogue held in Washington from July 27-28 garnered international attention by heralding the advent of a "G2 Era." The number of people in the Chinese delegation, headed by Vice Premier Wang Qishan and State Councilor Dai Bingguo, exceeded 150. The U.S. delegation, led by Secretary of State Hillary Clinton and Secretary of Treasury Timothy Geithner, was also large-scale. High-ranking officials from both countries held in-depth discussions on major issues confronting the world, which ranged from the economic crisis to the North Korean nuclear issue. In the event's opening speech, President Obama attached great meaning to bilateral relations, saying that

U.S.-China relations would shape the 21st century.

The U.S. and China pledged to work closely together to take the necessary steps to overcome the global economic crisis. In the diplomatic and security areas, both sides agreed to bolster bilateral talks to deal with security threats in the Middle East, Central and South America and Africa. However, what the two sides spelled out in the joint statement is considered just a reaffirmation of principles. Therefore, some observers say that the Dialogue was all talk but failed to yield any tangible results.

The true significance of this meeting, however, should be sought not from the present but from the future. Secretary Clinton noted that the Dialogue was a forum for exchanging ideas. As Secretary of State Clinton and Secretary of Treasury Geithner said in their July 27 contribution to The Wall Street Journal, few global problems can be solved without the U.S. and China (working) together. The two nation's promises and vows have a great deal of impact on other nations, especially in regard to North Korea and its nuclear program. The U.S. and China said that they would support the Six-Party Talks and implement UN Security Council Resolution 1874. U.S.-China dialogue inevitably applies strong pressure on the North, which has rejected the Six-Party Talks and demanding bilateral talks with the U.S.

While the U.S. and the Soviet Union, the G2 of the Cold War era, confronted each other, the U.S. and China, the "G2 of the 21st century," chose to "cooperate with each other as partners." This principle will be applied in resolving pending bilateral and

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international issues, including China's possession of U.S. bonds worth over \$800 billion (the biggest issue between the two nations), China's trade surplus of over \$260 billion with the U.S., and an appreciation of the yuan.

A change in U.S.-China relations is directly related to our economy and security. The ROKG should understand a 21st century world order, which the U.S. and China are preparing, and come up with necessary measures. In particular, regarding Korean Peninsula issues, including the North Korean nuclear issue, the ROKG should make its opinion fully known so that the U.S. and China do not arbitrarily have negative influence over our fate.

STEPHENS